

Message Text

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11

ACTION ARA-10

INFO OCT-01 ISO-00 EUR-12 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 /102 W

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P 052218Z FEB 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 1884

C O N F I D E N T I A L CARACAS 1426

E.O. 11652: GDS

TAGS: ENRG, VE

SUBJ: VENEZUELAN OIL SALES TO CANADA

1. THE CARACAS PRESS ON FEBRUARY 5, REPORTED THAT PETROVEN PRESIDENT RAFAEL ALFONZO RAVARD HAD ANNOUNCED ADDITIONAL SALES OF 250,000 B/D TO CANADA. ALFONZO'S REMARKS WERE REPORTEDLY MADE TO CANADIAN TELEVISION REPORTERS ON THE OCCASION OF PRIME MINISTER TRUDEAU'S VISIT.

2. SHELL VENEZUELA PRESIDENT S.D. WATKINS TOLD THE PETROLEUM ATTACHE ON FEBRUARY 5 THAT ALFONZO MUST HAVE BEEN MISQUOTED. WATKINS CONFIRMED THAT SHELL HAS NOW SIGNED AN OFFTAKE CONTRACT WITH PETROVEN. HE SAID THAT THE QUANTITIES OF OIL BEING SUPPLIED TO CANADA THROUGH SHELL AND MARAVEN (THE NATIONALIZED SHELL COMPANY) ARE ABOUT THE SAME AS BEFORE NATIONALIZATION - 40 -60,000 B/D OF CRUDE AND 5 - 10,000 B/D OF PRODUCTS. WATKINS SAID FURTHER THAT HE ESTIMATES THE TOTAL VOLUME OF VENEZUELAN CRUDE GOING TO CANADA TO BE ON THE ORDER OF 220,000 B/D. THIS IS ROUGHLY THE SAME AMOUNT AS BEFORE NATIONALIZATION, AND WATKINS DOES NOT ANTICIPATE ANY SIGNIFICANT FLUCTUATION EITHER UP OR DOWN IN THIS QUANTITY.

3. COMMENT: SHELL WAS SLOW TO SIGN AN OFFTAKE AGREEMENT WITH PETROVEN BECAUSE THE COMPANY WANTED THE GOV TO HONOR EXISTING
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CONTRACTS (AND PRICES) WITH CANADIAN BUYERS. SHELL SOURCES TOLD

US THAT THE GOV HAD PROMISED THE CANADIAN ENERGY MINISTER IN 1975
THAT THE CONTRACTS WOULD BE HONORED AFTER NATIONALIZATION, BUT
THE PRICES QUOTED BY PETROVEN IN DECEMBER 1975 APPARENTLY WERE
HIGHER. WE DO NOT KNOW IF THE TRUDEAU VISIT CONTRIBUTED TO BREAKING
THE IMPASSE, BUT THE CONTRACTS ARE NOW SIGNED. SINCE THERE IS
NO SIGNIFICANT ADJUSTMENT IN VOLUMNES, CANADIAN OIL SHIPMENTS
TO THE UNITED STATES SHOULD NOT BE AFFECTED IN THE IMMEDIATE
FUTURE BY THIS FACTOR. END COMMENT.
SHLAUDEMAM

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